

HOME IMPROVEMENT/CONSTRUCTION RIDER

THIS HOME IMPROVEMENT/CONSTRUCTION RIDER is made this ____ day of _____, _____, and is incorporated by reference into and shall be deemed to amend and supplement the Deed of Trust ('Security Instrument') of the same date given by the undersigned ('Borrower') to secure Borrower's Note ('Note') to the United States of America acting through the Rural Housing Service or successor agency, United States Department of Agriculture ('Lender') of the same date and covering the Property described in the Security Instrument

In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows

[USE THIS PARAGRAPH " A" IF THE MECHANIC'S LIEN CONTRACT AND THE TRANSFER AND ASSIGNMENT OF LIEN HAVE ALREADY BEEN RECORDED]

A. The Note renews and extends, but does not extinguish or pay, the balance of _____ AND _____/100 DOLLARS (\$ _____) that Borrower owes on a prior note in the original principal sum of _____ AND _____/100 DOLLARS (\$ _____), which is dated _____, executed by Borrower, and payable to the order of _____. The prior note is secured by a Mechanic's Lien Contract between Borrower and _____ ('Contractor'), which is dated _____, _____ and recorded in Volume _____, Page _____ of the _____ Records of _____ County, Texas. Borrower acknowledges that the lien securing the prior note is valid, that it subsists against the Property described in said Mechanic's Lien Contract, and that by this instrument, it is renewed and extended in full force until this Note is paid. The prior note and the lien securing it have been transferred to Lender by instrument dated _____, _____ and recorded in Volume _____, Page _____ of the _____ Records, _____ County, Texas.

- -OR- -

[USE THIS PARAGRAPH " A'" IF THE MECHANIC'S LIEN CONTRACT AND THE TRANSFER AND ASSIGNMENT OF LIEN HAVE NOT ALREADY BEEN RECORDED]

A. The Note renews and extends, but does not extinguish or pay, the unpaid balance that Borrower owes on a mechanic's

(11/97)

lien note in the original principal sum of _____
 _____ AND _____/100 DOLLARS
 (\$_____), which is dated _____
 executed by Borrower, and payable to the order of _____
 Said note is secured by a Mechanic's
 Lien Contract between Borrower and _____
 _____ ('Contractor'), which is dated
 _____, and is to be recorded in the
 Records of _____ County,
 Texas. Borrower acknowledges that the lien securing the
 said note is valid, that it subsists against the Property
 described in said Mechanic's Lien Contract, and that by this
 instrument it is renewed and extended in full force until
 this Note is paid. The said note and the lien securing it
 have been transferred to Lender by instrument dated
 _____, to be recorded in the _____
 Records, _____ County, Texas.

**B. IMPORTANT NOTICE FOR HOMESTEAD IMPROVEMENT LIENS: You
 and your contractor are responsible for meeting the
 terms and conditions of the Construction Contract and/or
 Mechanic's Lien Contract. If you sign the Construction
 Contract and/or Mechanic's Lien Contract and you fail to
 meet the terms and conditions of such contract(s), you may
 lose your legal ownership rights in your home. KNOW YOUR
 RIGHTS AND DUTIES UNDER THE LAW.**

By signing below, Borrower accepts and agrees to the terms
 and provisions contained in this Home Improvement/Construction
 Rider.

 Borrower

 Borrower

HOME IMPROVEMENT/CONSTRUCTION RIDER

Used by Rural Housing Service when a loan is being made to construct improvements on homestead.

Procedure Reference: RD Instruction 1927-B and Texas Instruction (RD) 1927-B

Prepared by: Closing agent, title insurance company or Field Office

Number of Copies: Original and One

Signatures Required: Original signed by borrower and spouse (if any)

Distribution: The Original is attached to the original Form RD 3550-14 TX before it is recorded. The original Form RD 3550-14 TX (which includes the attached original Form RD 3550-14B TX) is placed in the borrower's loan file after it has been signed, notarized and recorded in the appropriate county records. Conformed copy to borrower.

COMPLETION OF THE FORM:

1. Date on which the deed of trust and rider are signed by the borrower and spouse.

NOTE: PARAGRAPH "A" HAS TWO VERSIONS. SELECT THE APPLICABLE VERSION. The version which is not used may be stricken or marked out. The version which is stricken should be initialed by the borrower(s).

Use the first version of Paragraph "A" if the Mechanic's Lien Contract and Transfer and Assignment of Lien have already been recorded.

2. The unpaid balance of the note given by the borrower(s) to the contractor under the terms of the Mechanic's lien contract. *[Note.- The contract may be called a Mechanic's and Materialman's Lien Contractor a Mechanic's Lien Contract. There are different names depending on the form used.]* The unpaid balance is stated in both words and in numbers. For example - TWENTY FIVE THOUSAND SIX HUNDRED FIFTY EIGHT AND 56/100 DOLLARS (\$25,658.56).
3. The original principal amount of that note. That amount is stated in both words and in numbers. For example - THIRTY SIX THOUSAND AND NO/1 00 DOLLARS (\$36,000.00).
4. The date of that note.
5. The payee of that note. This payee should be the contractor.
6. The name of the contractor in the Mechanic's Lien Contract.

7. Date of the Contract.
8. Recording information for the Contract. Usually this is expressed by a volume number and a page number. Some counties may use different recording information.
9. Name of records where the Contract is recorded. For example, Mechanic's Lien Records, Deed Records, Real Estate Records, Official Public Records, Real Property Records, etc.
10. Name of county where the Contract is recorded.
11. Date of instrument transferring and assigning the Mechanic's lien to RHS.
12. Recording information for this instrument. Usually this is expressed by a volume number and a page number. Some counties may use different recording information.
13. Name of records where this instrument is recorded. For example, Deed Records, Deed of Trust Records, Real Estate Records, Official Public Records, Real Property Records, etc.
14. Name of county where the instrument is recorded.

Use the second version of Paragraph "A" if the Mechanic's Lien Contract and Transfer and Assignment of Lien have not been recorded at the time of loan closing.

15. The original principal amount of that note. That amount is stated in both words and in numbers. For example - THIRTY SIX THOUSAND AND NO/100 DOLLARS (\$36,000.00).
16. The date of that note.
17. The payee of that note. This payee should be the contractor.
18. The name of the contractor in the Mechanic's Lien Contract.
19. Date of the Contract.
20. Name of records where the Contract is to be recorded. For example, Mechanic's Lien Records, Deed Records, Real Estate Records, Official Public Records, Real Property Records, etc.
21. Name of county where the Contract is to be recorded.
22. Date of instrument transferring and assigning the Mechanic's lien to RHS.
23. Name of records where this instrument is to be recorded. For example, Deed Records, Deed of Trust Records, Real Estate Records, Official Public Records, Real Property Records, etc.

24. Name of county where the instrument is to be recorded.
25. Signature of the borrower and spouse as they appear on the deed of trust. The name(s) of the borrower(s) should be typed below the line where they are to sign.